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The INTEREST of the Land-Bank to Promote the Country Loan Banks. By T. WHATELY.

AGainſt the propoſed *Loan-Banks* there lies this ſtrong Objection, That whatever Good they may poſſibly do to the Nation, yet they ſeem to interfere with the Intereſt of the *Land-Bank*, and therein with the Intereſt of the Landed-men; becauſe theſe leſſer Banks may hinder the filling of that larger one: And the King's Occaſions being by theſe *Loan-Banks* otherwiſe ſupplied, and always likely ſo to be, the Crown will never ſtand obliged to ſupport the Intereſts of any other Banks.

Anſ. I. The King (as well as every body elſe) will be willing to be at liberty, and have more Shops than one to go to; and 'tis for the Intereſt of both King and People that every *Bank* or *Loan-Office* ſhould ſtand bound to their good behaviour, and ſtand or fall according to the good Service they ſhall be found to do. And whatever *Banks* have nothing to recommend them to a Legal Eſtabliſhment, but their being ſerviceable to ſupply the King's preſent Occaſions by *Loans*, will be very uſeleſs things in time of Peace.

II. Theſe Leſſer *Loan-Banks* ſtanding independent, and being kept within their bounds, may be ſo manag'd as to ſerve many Intereſts at once, and yet without encroaching upon any; their divided Power will be too weak to give any Jealouſies, and yet their Force united, ſufficient to do a multitude of good Services: For, lying always at mercy, and diſſolvible at pleaſure, they can expect no longer continuance than what they ſhall deſerve; and whenever diſſolved, give no cauſe of Complaint, every one receiving his *Principal* at the diſſolution, and *Intereſt* in the mean time, which is all *they* promiſe.

III. Theſe *Loan-Banks* being deſign'd to create a Credit not exceeding the Taxes and Debts of the Nation, cannot be expected to draw in the Great Sums, the other Banks will remain proper places to receive them, that promiſe greater Encreaſe than bare Intereſt. And as for Taxes and publick Debts, where-ever the Mony is lodged, it muſt be produced as they become payable.

IV. The Country Loan-Banks, tho' eſtabliſh'd ſeparately, yet will find it hard to ſubſiſt without the Countenance of ſome greater Bank; nay, and being eſtabliſh'd ſeparately may prove more ſerviceable to the greater Bank than if incorporated into it. Nor can any Bank either be more ſerviceable to, or receive more Service from theſe Loan-Banks, than a Land-Bank. For,

1. The Land-Bank ſtanding upon a Sure Bottom of its own, *viz.* Land Security, can ſubſiſt without a Tax-Security, and may well be content to part with the Tax-Security deſign'd for them to theſe Loan-Banks, and be Gainers by the bargain, by reaſon of the many and great Services theſe Loan-Banks will do them; And thus their Intereſts will be fairly reconciled and firmly united by their mutual ſubſerviency to each other. For,

2. The Land-Bank will be able to give a Credit to the Loan-Banks, of which at firſt they will ſtand in need; for, the Land-Bank may without danger receive the Bills of the Loan-Banks, and that ſettles their Credit, and anſwers the grand Objection, *When ſhall the Principal be paid?* Nor need the Land-bank be afraid of theſe Bills, they will be great Gainers by them. For,

3. Theſe Bills ſtand upon as good a Security as any Mortgage, and a much clearer one, and they'll pay them near double Intereſt to what they propoſe to Lend for upon a Mortgage. For we may ſuppoſe the Parliament will allow higher Intereſt to theſe Loan-Banks than is to be given elſewhere; and good reaſon they'll have for ſo doing: for, as theſe Loan-banks will deſerve Encouragement, ſo will the Nation be no Sufferer by the high Intereſt allow'd them: as hath been intimated in my former Papers.

4. The Land-bank, by receiving theſe Bills, will have almoſt all the Returns of *England* paſs through their hands; and what Advantage they may make of this, I need not tell them. And yet farther,

5. Theſe Loan-bills can lay no Claim to Partnerſhip in the Dividend, altho' according to their proportion they bring more Real Stock to their Land-bank than the Subſcribers. The Encreaſe theſe Bills yield is ſure and clear.

6. Suppoſe my Propoſal of Reducing Guineas by means of theſe Loan banks ſhould take effect, the Land bank would find it ſelf highly obliged; for beſides the taking them off their hands on ſo good Terms, theſe Loan-banks being diſperſed throughout all parts of the Land, give the Land-bank the Advantage of diſpoſing of their Guineas where they pleaſe, whereby they may have in every County a Stock to anſwer the Demands there made upon them: And the current Silver Coin that every Guinea returns them will be in a readineſs to circulate their Bills.

Nor will the granting 10 *s.* in hand, and 20 *s.* in a Loan-bill, for every Guinea, be found in the end a Burthen to the Nation. For, ſuppoſe theſe Bills to obtain a currency, (which by this means they cannot miſs of) the People will not be eager of their Principal, nor will there be any reaſon to force it upon them, the continuation of it upon Intereſt being no burthen. The Caſe is plainly thus; Every Guinea returns to the *Exchequer* better than 10 *s.* and creates by the Bill of Credit 20 *s.* to the *Nation*; ſo that no body can be Loſer by his Guinea; and if there be four Millions of Guineas in the Land, as is ſuppos'd, the *Nation* is by this method forthwith made four Millions the richer, and the King hath above two Millions of Ready-Mony return'd into his *Exchequer*; and all this is done at the bare expence of Intereſt, which it ſelf coſts the Nation nothing, for the People pay the Tax, and the Tax pays the People again; ſo that the Intereſt, ſimply conſider'd, is neither Loſs nor Gain.

But ſuppoſe theſe Bills ſhould advance in their Value, and become Purchaſe, as why ſhould they not as well as the *Former ones*? they may ſoon come to clear their Intereſt, and

then

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then *All* is Gain, and then to pay the Principal would be to lose more than Principal: Nor would the People Complain of a Tax by which they are Gainers, nor thank a Parliament for taking away Paper better than Coin, tho' they give them hard Mony for it.

7. Thus, by the means of these Loan-Banks, the Land-bank may lend the King as much Mony as they please, and so far make the Tax their own, and yet be at liberty of taking in the Principal with Advantage when they please; for, those Bills [as they well enough know] will advance upon their hands, and become Purchase; so that they can ne'r be in want of Coin, having Paper that will always command it, and so need ne'r fear a Run upon them.

8. The Land-Bank being placed upon a sure Bottom, *viz.* Land-Security, and once legally establish'd, and undertaking to receive the Bills of the Loan-Banks, doth in effect establish the Loan-Banks, and become a good *Fund* to them too, and give satisfaction to every body; for, every one being Secured that he can receive Quarterly his *Interest where* he pleaseth, and his *Principal* at *London when* he pleaseth, the Grand Objections are all removed at once, and a plain and easie way opened to Parliament. The Question is over, *How shall we provide for Principal?* 'Tis but granting a Tax to answer the Interest, with a Surplusage sufficient to ensure it, with Provision that that Tax or Security shall be continued till the Principal is paid, and their Work is done for the present. They'l easily hereafter find an Answer to this Question, *When* and *How shall the Principal be paid?*

If then the Establishment of the Loan-Banks would be so serviceable to the Nation [as in my former Papers I have more largely prov'd] then it follows, that the *Land-Bank*, if for *no Other* Reason, yet for *This alone*, deserves a Legal Establishment, being without any Charge to the Nation in effect a *Fund*, and procuring a Sure Credit to a Constitution that will both, in its Rise, extricate the Nation out of its present Difficulties, and draw on an Endless Chain of Advantages for the future. And thus, I hope, the *Land-Bank* and the *Loan-Banks* may be very good Friends, and unite in a Mutual Subserviency.

HAving discoursed with some nearly concerned for the Interest of the *Land-Bank*, I find they are convinc'd 'twill be very much for their advantage to receive the Bills of the *Loan-Banks*, tho' supposing them to stand separately, which indeed is no more than any Bank well establish'd would be ready enough to do: So that what to some seems the grand Difficulty, is remov'd, *viz.* How shall the Bills obtain a Currency, and particular persons convert them into Coin as their Occasions shall require?

But at the same time I met with these Objections.

Obj. That the *Land-Bank* having obtain'd a legal Establishment, upon a Tax appropriated for their Security, these Country-Banks may be grafted upon the *Land-Bank* as so many Offices under it, without giving the Parliament any Trouble about *Them*.

Ans. 1. To incorporate these *Loan-Banks* into the *Land-Bank* will utterly destroy the End of the *Loan-Banks*, the Benefit whereof is design'd to be universal, and more particularly for the Relief of those that *pay* Taxes; which Ends, unless they subsist separate and independent, must be lost, with many other publick Advantages these *Banks* are improvable to. Nay, it may so fall out, that what was design'd purely for the Publick Good, may (by being engrossed) prove quite the contrary.

2. These *Loan-Banks* kept separate, as they will manifestly serve the Publick, so they can create no Jealousie. But whether so many *Banks* (under the name of *Offices*) dispersed throughout the Land, united in One Grand one, may not become untractable, let better Judges determine.

3. These *Loan-Banks* standing upon their own Bottom, the Advantages they offer both to the *Publick* and to the *Land Bank* itself, are manifest and certain; but being made dependent, they may fail both of them. The *Land-Bank* itself may want a Reputation sufficient to give a Credit so large and diffused as these *Loan-Offices* will require. The Common People will not care for trusting they know not who. The Mony riseth at a distance, runs through many hands before it comes to them, from the *Country* to the *Exchequer*, from the *Exchequer* to the *Land-Bank*, from the *Land-Bank* to their *Officers*, of whom (with cause or without) the People will have a Jealousie. In the Separate *Loan-Banks* all things are quite contrary: The Mony riseth from among themselves, never goes out of their Sight, and their Interests are manag'd by their Neighbors, against whom they will have no colour of Jealousie.

4. As for the Tax to be appropriated to the *Land-Bank*, if they covet it, they may have it, without any Prejudice to the *Loan-Banks*; for, the *Loan-Banks* being kept separate, will forthwith be able to make good the deficiency of the Coin, and thereby very well deserve the Tax design'd for that purpose, and excuse the Parliament any further Trouble on that account. Nay, over and above, they will return to the *Exchequer* a very considerable Sum of Ready Mony. For the Circumstances *now* favouring this Design, are so singular and extraordinary, as cannot fail of taking Effect, and that to so good purpose, that these *Loan-Banks* being *at this time* erected, will even at their first birth perform more in an *instant* (as it were) than what they may ever hereafter do in *Years*. And the *Exchequer* being thus replenish'd, as these *Loan-Banks* (under the present Juncture) will not fail to do, its Credit will be supported, the feared Failure of Taxes and Want of Mony for the King's Occasions provided against, and a ready Method laid for Future Supplies.

Obj. These *Loan-Bills* (saysome) will encrease in their Value, and become better Purchase than Land itself, and consequently Land will sink in its value, and find fewer Purchasers.

Ans. 1. These *Banks* are limited, and cannot exceed a certain Sum. Ground-Rents in *London* are esteemed better Purchase than Land, yet sink not the Value of Land, because there are not Ground-Rents enough to supply all Purchasers.

2. The Supposition that these Bills will encrease in their value, doth at the same time necessarily suppose, that so much as these Bills and the Advance of them amounts to, so much is added to the Stock of the Nation. The Stock encreas'd, in common course encreaseth upon itself, and all ultimately terminates in enhauncing the Value of Land.

3. By the Method propos'd, Land for the future will be in a great measure eased of the burden of Taxes, which now lies so heavy upon it, and so become more valuable.

4. If these *Loan-Banks* be, upon experience, in any respect, found Inconvenient, they always stand upon their good behaviour, and may be reduc'd at pleasure,

Obj. But still 'tis said I come too late, *This* is not a time for entering upon fresh Debates.

Ans. The Guinea matter is still in suspence; all the Bad Mony not yet brought in; thus far 'tis not too late. The Work is half done already. The Tax for the Supply of the deficiency of the Coin fixed, and fixed so, as could not have been better to the purpose. Encouragement to be given to bring in Plate, and Bills to be given out at Market-Towns. That very thing itself being not yet finished, may without loss of time be easily formed into *Market-Banks*. In short, the whole may be reduced within a narrow compass, comprehended under some few Articles, made practicable, and easily so.

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